

## Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00  
ICA-20 OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01  
AGRE-00 OMB-01 SS-15 SOE-02 DODE-00 DOE-15 H-02  
INT-05 L-03 NSC-05 PM-05 OES-09 STR-07 ACDA-12  
/188 W

-----124685 061825Z /43

P 061751Z SEP 78

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 6979

UNCLAS SECTION 01 OF 02 PARIS 29543

USOECD

E.O. 11652: N/A

TAGS: ENRG, IEA

SUBJECT: LANTZKE NON-PAPER ON COAL

1. IN LATEST (FOURTH) DRAFT OF NON-PAPER ON COAL, EXECUTIVE DIRECTOR LANTZKE HAS ADDED SECTION ON POLICY OBJECTIVES AND MADE HANDFUL OF OTHER SUBSTANTIVE CHANGES. THESE, KEYED TO TEXT OF THIRD DRAFT MAILED EB/FSE FOR ROSEN ON SEPTEMBER 1, FOLLOW.

2. NEW SECTION B, "GENERAL POLICY OBJECTIVES," FOLLOWS SECTION A, "POLICY COMMITMENT." BEGIN TEXT OF SECTION B: POLICY ACTION HAS TO FOCUS ON THE FOLLOWING OBJECTIVES:

(I) COAL IS COMPETITIVE WITH OTHER ENERGY FORMS IN MANY IEA MARKETS BUT ITS FULL ECONOMIC POTENTIAL IS NOT PRESENTLY EXPLOITED. CONSEQUENTLY, EMPHASIS SHOULD BE PLACED ON MEANS OF PROMOTING RAPID DEVELOPMENT OF THE COAL MARKET. SINCE INCREASED EXPLORATION  
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AND DEVELOPMENT OF COAL DEPOSITS WILL OCCUR ONLY IF THERE ARE CORRESPONDING EXPECTATIONS AS REGARDS DEMAND, FIRST PRIORITY SHOULD BE GIVEN TO MEASURES WHICH INCREASE CONSUMPTION OF COAL INCLUDING REMOVAL OF CONSTRAINTS ON UTILISATION AND MINING OF COAL AS WELL AS PLACING RESTRICTIONS ON USES WHERE OIL COMPETES WITH COAL. TO IMPROVE THE POSSIBILITIES FOR

COAL UTILISATION IN THE LONG RUN THERE IS AN URGENT NEED FOR MEASURES TO FACILITATE COAL PROCESSING, TO IMPROVE THE HANDLING OF COAL AND TO AVOID NEGATIVE IMPACTS ON THE ENVIRONMENT RESULTING FROM COAL UTILISATION.

(II) IT WILL BE NECESSARY FOR IEA COUNTRIES TO PROVIDE RELIABLE LONG-TERM ASSURANCES AS TO FREE CONDITIONS FOR COAL INVESTMENT AND TRADE AS A FRAMEWORK FOR DEVELOPMENT OF AN EXPANDED COAL MARKET.

(III) EXISTING GOVERNMENT MEASURES WHICH ARE DETRIMENTAL TO DEVELOPMENT OF COAL COMPARED TO OTHER FUELS SHOULD BE REMOVED OR PHASED OUT.  
END TEXT.

3. REMAINING SECTIONS ARE RENUMBERED. IN SECTION ON "GENERAL POLICY MEASURES," NEW RECOMMENDATION IV IS INSERTED BEFORE RECOMMENDATION ON IEA GROUP OBJECTIVES FOR COAL. IT READS QUOTE MEASURES FOR MAINTAINING DOMESTIC PRODUCTION IN HIGH-COST COAL PRODUCING COUNTRIES WHICH DO NOT UNDULY HINDER LONG-TERM DEVELOPMENT OF FREE COAL TRADE WITHIN THE IEA AREA END QUOTE. IN THIRD TICK UNDER RECOMMENDATION ON GROUP OBJECTIVES, PRESCRIPTION OF 500 PER CENT INCREASE BY YEAR 2000 IS REDUCED TO 450 PER CENT. MTOE EQUIVALENTS ARE INSERTED  
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INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00  
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ICA-20 OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01  
AGRE-00 OMB-01 SS-15 SOE-02 DODE-00 DOE-15 H-02  
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THROUGHOUT THIS RECOMMENDATION.

4. IN PARA 3 OF SECTION HEADED "INTERNATIONAL COAL TRADE," CLAUSE QUOTE WHICH ARE SET FOR NATIONAL SECURITY OF SUPPLY, SOCIAL OR OTHER REASONS END QUOTE IS INSERTED WITHIN PARENTHESES AFTER PHRASE QUOTE NATIONAL COAL PRODUCTION TARGETS END QUOTE. PARA 7 OF SAME SECTION IS QUALIFIED BY ADDITION OF CLAUSE QUOTE TAKING INTO ACCOUNT COAL DEVELOPMENT IN IEA COUNTRIES AND IN IMPORTANT COAL-PRODUCING COUNTRIES (E.G. AUSTRALIA, POLAND, SOUTH AFRICA) WHICH ARE NOT IEA MEMBERS END QUOTE.

5. FINALLY, IN SECTION HEADED "COAL UTILIZATION IN ELECTRICITY GENERATION," FIRST RECOMMENDATION NOW READS QUOTE PROHIBIT NEW BASE-LOAD OIL-FIRED GENERATION PLANTS. CONSIDER WHETHER THIS COULD BE EXTENDED TO MIDDLE-LOAD AND TO GAS END QUOTE. SECOND RECOMMENDATION NOW REFERS TO QUOTE EXISTING BASE-LOAD AND MIDDLE-LOAD OIL-FIRED CAPACITY END QUOTE.

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6. FULL TEXT OF 4TH DRAFT MAILED EB/FSE SEPTEMBER 4 BY APO.  
SALZMAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PAPERS, COAL, ENERGY, MINING  
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**Copy:** SINGLE  
**Draft Date:** 06 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** ENRG, EMIN, IAEA  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014